

Message Text

PAGE 01 STATE 018115 TOSEC 010231

65

ORIGIN EUR-12

INFO OCT-01 ISO-00 SS-15 AF-06 SSO-00 CCO-00 /034 R

DRAFTED BY EUR/WE:WPKELLY:MJK

APPROVED BY EUR - MR. LOWENSTEIN

S/S:FORTIZ

AF/C:MR. KILLORAN

C:MR. DOBBI'S

----- 009107

O 240200Z JAN 76 ZFF4

FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 018115 TOSEC 010231

TO THE SECRETARY THRU SONNENFELDT AND HARTMAN

E.O. 11652: GDS

TAGS: PFOR, PO

SUBJECT: EUR BRIEFING MEMORANDUM: YOUR MEETING WITH
PORTUGUESE SOCIALIST LEADER MARIO SOARES ON
MONDAY, JANUARY 26 AT 3:30 P.M.).

PARTICIPANTS: U.S. -- THE SECRETARY, MR. SONNENFELDT,
JAMES G. LOWENSTEIN, EUR (ACTING), ROBERT BARBOUR, EUR
(NOTETAKER), JOSE DE SEABRA (INTERPRETER)

PARTICIPANTS: PORTUGUESE -- MARIO SOARES, SECRETARY
GENERAL, PORTUGUESE SOCIALIST PARTY, RUI MATEUS, DIRECTOR
INTERNATIONAL DIVISION, PORTUGUESE SOCIALIST PARTY,
AMBASSADOR JOAO HALL THEMIDO.

PHOTOGRAPHER WILL BE PRESENT BRIEFLY AT THE BEGINNING
OF THE MEETING.

CHECKLIST --

SECRET

PAGE 02 STATE 018115 TOSEC 010231

--INTERNAL POLITICS. MENTION OUR ENCOURAGEMENT WITH THE
RECENT TRENDS IN PORTUGAL, STRESS OUR CONCERN THAT THE
COMMUNISTS WILL EXPLOIT ECONOMIC PROBLEMS AND OBTAIN
SOARES' ASSESSMENT OF PARTY STRENGTHS IN THE UPCOMING

APRIL ELECTIONS.

--ECONOMIC ASSISTANCE. MENTION OUR AWARENESS OF PORTUGAL'S SEVERE ECONOMIC DIFFICULTIES AND OUR DESIRE TO BE RESPONSIVE.

-- ANGOLA. THANK SOARES FOR HIS HELP ON THE QUESTIONS OF CUBAN TRANSIT OF THE AZORES AND PORTUGAL'S POLICY RE ANGOLA. SOARES WILL PROBABLY ASK IF YOU DISCUSSED ANGOLA WITH THE SOVIETS AND, IF SO, THE SUBSTANCE OF THOSE DISCUSSIONS.

-- YALE. WOULDN'T HARVARD HAVE BEEN BETTER?
SETTING:

SOARES WILL WANT TO HAVE A FREE-WHEELING DISCUSSION ABOUT THE POLITICAL SITUATION AND RELATED ECONOMIC PROBLEMS IN PORTUGAL, INCLUDING PROSPECTS FOR INCREASED US ECONOMIC ASSISTANCE.

YOU LAST SAW SOARES IN TUNIS IN NOVEMBER 1974. PORTUGAL, AND MARIO SOARES'S POLITICAL SOPHISTICATION, HAVE BOTH CHANGED MARKEDLY SINCE THAT TIME -- FOR THE BETTER. SOARES HAS ABANDONED HIS EARLIER BELIEF THAT THE SOCIALISTS AND COMMUNISTS COULD WORK TOGETHER AND, MORE THAN EVER BEFORE, HE UNDERSTANDS THAT PORTUGAL'S POLITICAL AND ECONOMIC FUTURE LIES WITH WESTERN EUROPE, NOT THE THIRD WORLD.

HE IS VISITING THE U.S. AT OUR INVITATION (CU IS FUNDING HIS TRAVEL BUT THIS IS NOT BEING PUBLICIZED). SOARES WILL ARRIVE IN WASHINGTON THE MORNING OF JANUARY 26, FOLLOWING A WEEK AS A CHUBB FELLOW AT YALE AND A WEEK-END OF POLITICKING WITH THE PORTUGUESE-AMERICAN COMMUNITY IN MASSACHUSETTS AND THE NEWARK AREA.

BACKGROUND/ANALYSIS

SECRET

PAGE 03 STATE 018115 TOSEC 010231

PARLIAMENTARY ELECTIONS IN PORTUGAL ARE SCHEDULED FOR APRIL 25 AND A GOVERNING COALITION WHICH EXCLUDES THE COMMUNIST PARTY SEEMS TO BE THE LIKELY OUTCOME. THROUGHOUT PORTUGAL, A NEW CURRENT OF RELATIVE CONSERVATISM IS NOW FASHIONABLE AS THE GOVERNMENT CONTINUES ITS CAMPAIGN TO ISOLATE AND DISCREDIT THE COMMUNISTS AND THE ULTRA-LEFT. THIS NEW TREND TOWARD "CENTRIST" POSITIONS HAS ALREADY RESULTED IN THE REMOVAL OF COMMUNISTS FROM KEY POSITIONS IN THE NEWS MEDIA, THE ARMED FORCES AND THE BUREAUCRACY, THE RELEASE OF A GOVERNMENT REPORT WHICH IMPLICATES THE COMMUNIST PARTY IN THE NOVEMBER COUP ATTEMPT, THE ARREST OF FORMER COPCON COMMANDER OTELO DE CARVALHO AND A NEW

RHETORICAL STYLE WHICH EMPHASIZES STABILITY AND PROBLEM SOLVING INSTEAD OF "THIRD WORLD SOCIALISM."

WITHIN THE ARMED FORCES, A PHILOSOPHICAL SPLIT HAS DEVELOPED BETWEEN THE "OPERATIONAL" OFFICERS WHO FAVOR A SHARPLY REDUCED MILITARY ROLE IN POLITICS AND THE "POLITICAL" OFFICERS (LED BY MELO ANTUNES) WHO SEEK CONTINUED MILITARY RULE IN ORDER TO IMPOSE A RADICAL -SOCIALIST SOCIETY UPON PORTUGAL. THE CONFLICT BETWEEN THESE TWO VIEWPOINTS HAS NOT YET BEEN RESOLVED, BUT THE "OPERATIONAL" MILITARY IS IN THE ASCENDANCY. THE DEBATE IS OVER THE MODALITIES OF A TRANSFER OF POWER TO THE CIVILIAN PARTIES AND ON THE SUCCESSOR INSTITUTIONS (A FULL FUNCTIONING PARLIAMENT, POPULAR ELECTION OF A NEW PRESIDENT, ETC.) IT IS LIKELY, THAT THE ARMED FORCES THROUGH THE REVOLUTIONARY COUNCIL OR SIMILAR GROUPS, WILL INSIST UPON RETAINING SOME FORM OF VETO OVER THE CIVILIANS IN LIMITED BUT KEY AREAS OF PUBLIC POLICY.

THANKS LARGELY TO THE WESTERN EUROPEAN SOCIALISTS, SOARES' PARTY WILL ENTER THE ELECTORAL CAMPAIGN WELL ORGANIZED AND GENEROUSLY FINANCED. ITS 38 SHOWING IN THE CONSTITUENT ASSEMBLY ELECTION LAST YEAR MAKES IT THE EARLY FAVORITE, BUT -- CAPITALIZING ON THE NEW TREND TOWARD THE POLITICAL CENTER -- THE POPULAR DEMOCRATS (PPD) INTEND TO MOUNT A STRONG CHALLENGE
SECRET

PAGE 04 STATE 018115 TOSEC 010231

TO THE SOCIALISTS. PPD LEADER SA CARNEIRO PLANS TO VISIT WASHINGTON SOMETIME IN FEBRUARY. WE WILL REQUEST AN APPOINTMENT WITH YOU AS SOON AS THE TIMING OF HIS TRIP IS KNOWN.

ISSUES/TALKING POINTS

1. INTERNAL POLITICS

THE COMMUNISTS AND THE ULTRA-LEFT ARE IN RETREAT BUT STILL CONTROL KEY LABOR UNIONS, POSSESS AN IMPRESSIVE POLITICAL ORGANIZATION, AND HAVE THE CAPACITY TO FOMENT WORKER UNREST, PARTICULARLY SINCE THE ECONOMY IS IN A MESS. SOARES AND OTHER DEMOCRATIC POLITICAL LEADERS ARE WORRIED THAT UNEMPLOYMENT (NOW ABOUT 14 AND RISING) AND INFLATION (PROJECTED AT 50 BY LATE 1976) COULD GIVE THE COMMUNISTS A READY-MADE POLITICAL ISSUE.

YOUR TALKING POINTS:

--WE ARE ENCOURAGED BY THE GOVERNMENT'S ACTIONS TO DISCREDIT THE COMMUNISTS AND TO COME TO GRIPS WITH PORTUGAL'S ECONOMIC PROBLEMS.

--WITH ELECTIONS COMING UP IN APRIL, HOW DOES SOARES SEE THE RELATIVE STRENGTHS OF THE COMMUNISTS AND THE OTHER PARTIES?

--WHAT WILL BE THE LIKELY FUTURE ROLE FOR THE MILITARY? IS THE "BACK TO THE BARRACKS" THEME FAVORED BY SOME OFFICERS BEING TAKEN SERIOUSLY?

--WE HOPE THAT THE PARLIAMENTARY ELECTION WILL TERMINATE COMMUNIST PARTICIPATION IN THE GOVERNMENT. THERE SHOULD NOW BE NO ILLUSIONS ABOUT THE COMMUNISTS AND THEIR TRUE OBJECTIVES IN PORTUGAL.

2. ECONOMIC ASSISTANCE

PORTUGAL'S IMMEDIATE PROBLEM IS FOREIGN EXCHANGE LIQUIDITY. THEY HAVE AMPLE GOLD BUT THEIR CURRENCY
SECRET

PAGE 05 STATE 018115 TOSEC 010231

RESERVES ARE DEPLETED. GOLD IS HARD TO SELL IN VOLUME WITHOUT AFFECTING THE INTERNATIONAL GOLD MARKET AND THE PORTUGUESE -- FACING A NET MONTHLY EXCHANGE LOSS OF \$100 MILLION -- ARE CAUGHT IN THE MIDDLE. WE ARE LOOKING INTO POSSIBLE OPTIONS FOR U.S. ASSISTANCE BUT OUR EXPERTS BELIEVE THAT PRESENTLY AVAILABLE LOANS, GRANTS AND CREDITS FROM THE IMF AND THE WESTERN COUNTRIES MAY BE SUFFICIENT TO GET THE PORTUGUESE THROUGH THE FIRST HALF OF THIS YEAR. THE GERMANS, FOR EXAMPLE, HAVE PROMISED A LOAN OF \$250 MILLION.

ON THE SAME DAY THAT YOU ARE SCHEDULED TO MEET SOARES, THE JOINT ECONOMIC COMMISSION WHICH MELO ANTUNES SUGGESTED TO YOU WILL MEET IN LISBON. AMBASSADOR CARLUCCI HEADS THE U.S. DELEGATION WHICH WILL INCLUDE ASSISTANT ADMINISTRATOR ROBERT NOOTER OF AID AND A MONETARY EXPERT FROM THE EB BUREAU. LIQUIDITY AND OTHER ECONOMIC ASSISTANCE PROBLEMS ARE ON THE AGENDA.

YOUR TALKING POINTS

--WE ARE SYMPATHETIC TO PORTUGAL'S SERIOUS ECONOMIC PROBLEMS AND APPRECIATE THE POLITICAL IMPLICATIONS WHICH HIGH UNEMPLOYMENT AND INFLATION MAY HAVE FOR THE UPCOMING ELECTORAL CAMPAIGN. WHAT IS SOARES' ASSESSMENT OF THIS?

- - -

--THE US HAS ALREADY MADE AVAILABLE MORE THAN \$100 MILLION IN ECONOMIC ASSISTANCE TO THE SIXTH PROVISIONAL GOVERNMENT AND IF THE CONGRESS CONCURS WE WILL TRY TO

BE RECEPTIVE TO NEW PORTUGUESE REQUESTS.

--WHAT KIND OF ECONOMIC POLICIES DOES SOARES BELIEVE
WILL BE ADOPTED IN PORTUGAL? WILL THE MASSIVE
NATIONALIZATION OF THE GONCALVES GOVERNMENT BE PARTIALLY
REVERSED? WHAT WILL BE DONE TO ATTRACT TOURISM AND
NEW INVESTMENT?

3. ANGOLA
SECRET

PAGE 06 STATE 018115 TOSEC 010231

THE PORTUGUESE HAVE NEVER CHANGED THEIR POLICY OF
NON-RECOGNITION OF ANY PARTICULAR LIBERATION MOVEMENT
IN ANGOLA, BUT THE RECENT CUBAN TRANSIT OF THE AZORES
DEMONSTRATES THE STRONG PRO-MPLA PRESSURES WHICH
EXIST, PRINCIPALLY FROM MELO ANTUNES AND PRESIDENT
COSTA GOMES. PRIME MINISTER PINHEIRO AZEVEDO, SUPPORTED
STRONGLY BY THE SOCIALISTS AND THE PPD, HAS PUT AN END
TO THESE CUBAN FLIGHTS. SOARES HAS BEEN VERY HELPFUL
TO US ON THE CUBAN USE OF THE AZORES AND ON THE ANGOLAN
QUESTION, OPPOSING ANY CHANGES IN PORTUGUESE POLICY
AND PROVIDING AMBASSADOR CARLUCCI WITH CANDID
ASSESSMENTS OF CABINET IN-FIGHTING ON THIS ISSUE.

YOUR TALKING POINTS

-- THANK SOARES FOR HIS HELP ON THE CUBAN FLIGHTS AND
ANGOLA, EMPHASIZING THAT U.S. POLICY FAVORS A COALITION
GOVERNMENT IN ANGOLA AND AN END TO THE BLOODY CIVIL WAR.

-- STRESS THAT WE DO NOT OPPOSE THE MPLA AS SUCH, BUT
THAT IT IS SOVIET AND CUBAN EXPANSIONISM IN WESTERN
AFRICA WHICH WE CANNOT ACCEPT.

--NOTE: SOARES WILL PROBABLY ASK IF YOU DISCUSSED
ANGOLA WITH SOVIET LEADERS ON YOUR MOSCOW TRIP AND
THE SUBSTANCE OF THOSE TALKS.

4. HELSINGOR CONFERENCE

SOARES ATTENDED THE HELSINGOR SOCIALIST CONFERENCE
ENROUTE TO THE U.S. HE TOLD CARLUCCI BEFORE HELSINGOR
THAT HIS IDEA OF A JOINT MEETING OF PORTUGUESE-SPANISH-
ITALIAN COMMUNIST AND SOCIALIST PARTIES HAD BEEN SIMPLY A
TACTIC TO EMBARRASS AND ISOLATE THE PORTUGUESE COMMUNISTS
AT A STRATEGIC MOMENT AND THE IDEA WAS "NOW IN THE
FREEZER." HE CHIDED CARLUCCI A BIT FOR NOT SEEMING TO
UNDERSTAND HIS "TACTICAL APPROACH."

SECRET

PAGE 07 STATE 018115 TOSEC 010231

YOUR TALKING POINT

-- WHAT IMPRESSIONS DO YOU BRING FROM THE CONFERENCE?

5. CLEARED: C-JDOBBINS; AF/C-KILLORAN.

SISCO

SECRET

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIEFING MATERIALS, MEETING AGENDA, TOSEC
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE018115
Document Source: ADS
Document Unique ID: 00
Drafter: EUR/WE:WP KELLY:MJK
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D760027-0497
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760199/baaaeoad.tel
Line Count: 282
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EUR
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by BoyleJA>; APPROVED <31 AUG 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 970917
Subject: EUR BRIEFING MEMORANDUM: YOUR MEETING WITH
TAGS: PFOR, PO, (KISSINGER, HENRY A), (SOARES, MARIO)
To: SECRETARY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006